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22 March 1972

Economic and Military Reconstruction
in North Vietnam

This periodic report reviews economic developments within North Vietnam, including the receipt of economic and military aid and the construction of military facilities. These developments are selected on the basis of their relevance to North Vietnam's ability to continue supporting the war in Indochina and to restore the economy, and thus to their possible effect on the country's desire or need to negotiate a settlement of the current conflict.

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Airfield Construction

1. Construction has started on yet another airfield in the southern part of North Vietnam. By mid-March work was underway on a new airfield near the town of Do Khe and the runway was in an early stage of preparation. Also in March, the North Vietnamese were preparing the runway surface at Khe Phat, construction of which was started in January of this year. The airfields near Do Khe and at Khe Phat are located only 45 miles apart and both are less than 30 miles from Mu Gia Pass. When they are completed North Vietnam will have six jet-capable airfields south of Bai Thuong, the MIG staging base at the head of the panhandle, compared to only three when reaction to US aircraft began to intensify in early 1971.

Agriculture

2. Progress reports since the first of the year indicate that cultivation for the spring harvest is only slightly behind schedule. About 85% of the rice crop had been transplanted by the end of February, the scheduled completion date, and the remainder was expected to be finished by mid-March. No announcement has been made concerning the status of secondary food crops but a "substantial" part of industrial crop acreage reportedly was still not under cultivation. Press reports of damage from insects and disease in a few provinces can be regarded more as alert warnings to keep peasants active against the possible spread of infestation, than as indicators of serious problems.

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3. Hanoi indicated a growing anxiety during February and early March over the lag in dike repairs, and candidly admitted that greater care must be exercised this year because of weakened areas resulting from the 1971 floods. Repair of dikes and raising of some dike levels is planned to be completed before May so there will be sufficient time for the earth to compact and harden in advance of the rainy season. With two months to go at the end of February, the amount of dike work still remaining was said to be "considerable." In addition to exhortations calling for more peasant labor in dike repair, the regime has published a comprehensive series of directives pointing out responsibilities and technical specifications for dike building.

Industrial Construction

4. Construction activity continued at a fairly intensive pace through February. At Viet Tri, major reconstruction is underway on the powerplant and the moderately damaged paper mill nearby. Expansion of the sulphuric acid shop at the Phu Tho fertilizer plant now appears complete externally. The key Dong Anh power substation north of Hanoi also has been completed and provision apparently made for placement of an additional transformer. Construction continued on about 300 feet of the new quay at Haiphong, complementing the 1600 feet (three berths) already emplaced, and the eighth dockside portal crane was nearly assembled.

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5. Several important new industrial undertakings are in the works. North Vietnam has announced that construction is to begin in early 1972 on a textile combine in Vinh Phu Province which will be 50% larger than the 8th March Textile Plant in Hanoi. The only other large textile plant in the country is located at Nam Dinh. In February, a new hydroelectric powerplant apparently was being planned on the Black River

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Relations with the Free World

6. A high-level North Vietnamese economic delegation was scheduled to arrive in Japan on 20 March for a visit of about one month. The 14-man group is traveling ostensibly on an unofficial basis under sponsorship of the Japan-Vietnam Trade Association, which obscures the fact that several members are high ranking officials of the North Vietnamese government.

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The high-level composition of the delegation suggests that North Vietnam's long-term economic development also will be discussed and the North Vietnamese are likely to pursue the matter of Japanese government grants or credits, or at least government backing of commercial loans. A radical shift in North Vietnam's dependence on foreign assistance seems remote, however, and both parties probably view potential Japanese economic assistance at most as a supplement to the major aid donations of Communist countries.

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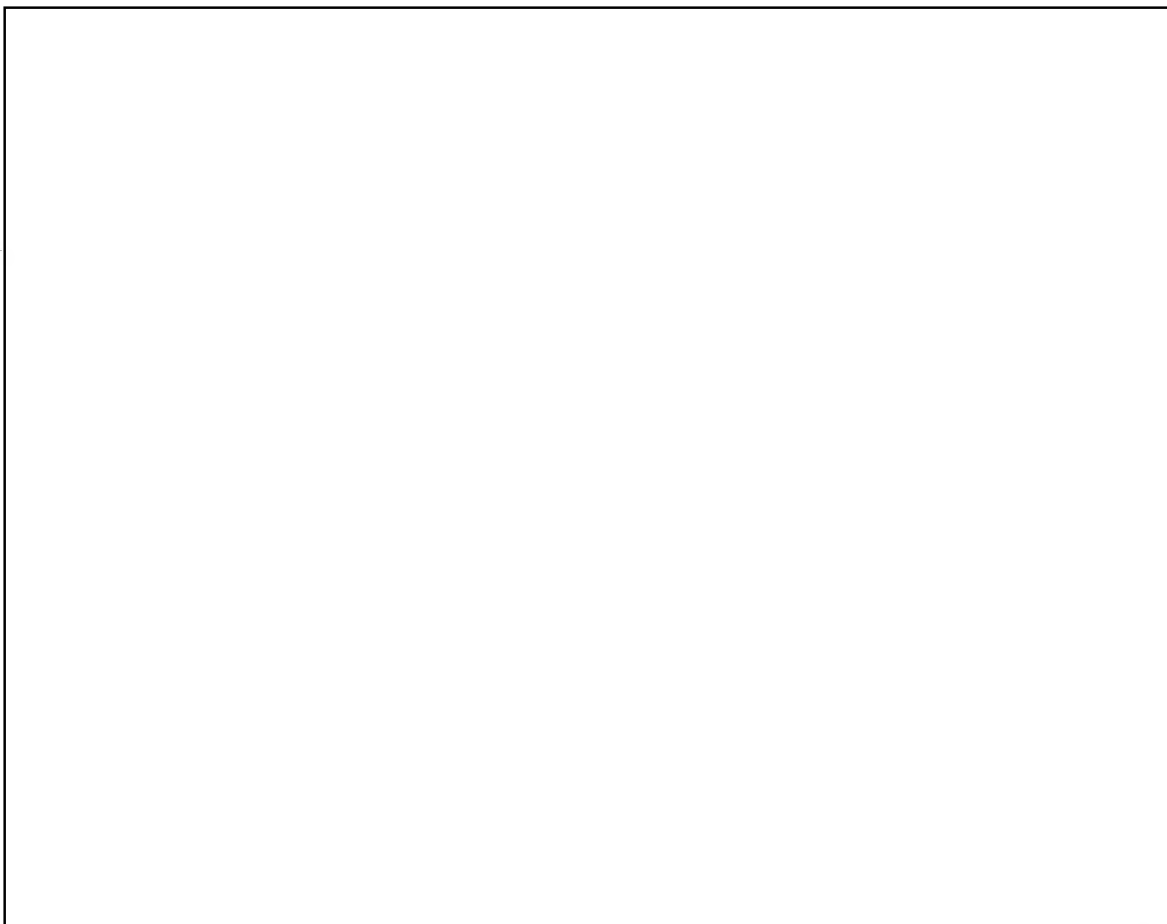
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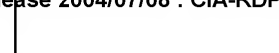

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Relations with the Communist World

8. Romania finally concluded a military and economic aid agreement for 1972 with North Vietnam at mid-March, about two months later than other principal Communist signers. There is no reliable evidence to explain the delay.

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13. Forty-five ships, one less than in January, arrived at North Vietnamese ports from abroad. Congestion among dry cargo ships, severe on 1 February when 31 ships were in port, eased steadily throughout the month. The average number of ships in port per day was 24, about the same as in the months since October 1971. The average layover time for departing dry cargo ships remained high at 22 days. Seven January arrivals were still in port at the end of February, an unusually high carryover.

Conclusions

14. North Vietnam continues to increase the threat against US air operations over the Plaine des Jarres and the Ho Chi Minh Trail. Two new airfields currently are under construction less than 30 miles from the Mu Gia Pass. The relatively rapid construction pace indicates a high priority for jet airfield development in the North Vietnamese panhandle and suggests a higher level of air operations in coming months.

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15. As of mid-March conditions in the domestic economy can be only tentatively assessed. Planting of spring rice appears to be a couple of weeks behind schedule and planting of industrial crops somewhat further behind. Some of this delay probably can be attributed to the large numbers of peasants who are engaged in dike repairs. The regime's recent stress on dike building indicates much work to be completed before the next rainy season. Construction activity continues at a rapid rate in key sectors of the economy -- chemicals, electric power, port facilities at Haiphong. Moreover, Hanoi is planning further expansion in the central industrial sector including a new textile plant, a hydroelectric powerplant on the Black River, and possibly a large thermal powerplant to be built with Czechoslovak assistance.

16. Romania's signing of a military and economic aid agreement for 1972 completes the annual muster of support from major Communist countries. North Vietnam appears to be nurturing

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